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ABSTRACT

This guide for students considering attending a college or career school uses a question-and-answer format to provide practical information on student financial aid available from the federal government. Questions and answers are organized into the following categories: choosing a school; paying tuition and other costs how the Department of Education can help; applying for financial aid (includes the "Free Application for Federal Student Aid" (FAFSA) form in paper and electronic versions); eligibility criteria; important deadlines in the application process; Federal Pell grants; campus-based aid programs (such as Federal Supplemental Educational Opportunity grants, work-study, and Perkins loans); federal and direct Stafford loans; parent loans; Stafford and parent loan questions; contacting the Department of Education, and reducing the cost of school. Also included are lists of the Federal Student Aid Information Center's frequently requested telephone numbers, frequently requested Web sites, and state agency phone numbers. (DB)

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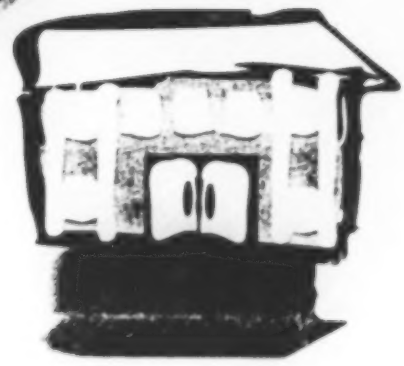
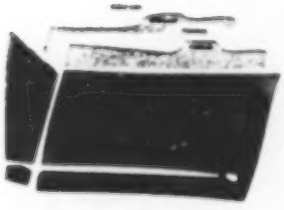
Funding Your Education

FREE information on the U.S. Department of Education's student financial assistance programs





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Office of Educational Research and Improvement
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Frequently Requested Telephone Numbers

General information about the federal Student Financial Assistance Programs, assistance in completing the *Free Application for Federal Student Aid* (FAFSA), to obtain federal student aid publications ..... 1-800-4-FED-AID (1-800-433-3243)*

To check on the processing of your FAFSA or request a copy of your Student Aid Report (SAR) ..... 1-319-337-5665* (not toll free)

TDD number for hearing-impaired individuals to call with any federal student aid questions 1-800-730-8913

To order *FAFSA Express* on diskette 1-800-801-0576

To report fraud, waste, or abuse involving federal student aid funds 1-800-MIS-USED (1-800-647-8733)

FAFSA on the Web (general information and technical assistance) 1-800-801-0576

*On pages 14 and 15 you will find additional information on the services the Federal Student Aid Information Center provides.

Frequently Requested Web Sites

Funding Your Education ..... www.ed.gov/prog_info/SFA/FYE

The Student Guide ..... www.ed.gov/prog_info/SFA/StudentGuide

FAFSA on the Web ..... www.fafsa.ed.gov

FAFSA Express ..... www.ed.gov/offices/OPE/express.html

Help in completing the FAFSA ..... www.ed.gov/prog_info/SFA/FAFSA

Title IV school codes (used to complete the FAFSA) ..... www.ed.gov/offices/OPE/t4_codes.html

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Education after High School

Are you considering attending a college or career school? Which one to attend is one of the most important decisions you need to make. Another is how you're going to pay for your education.

Well, what questions should I ask a school?

Some of the questions you should ask when considering a college or career school follow:

- ✔ Does the school offer the courses and type of program I want?
- ✔ Do I meet the admissions requirements?
- ✔ Is the school accredited; that is, has an independent agency approved the school's policies and courses?
- ✔ Does the school offer a quality education at a reasonable price?
- ✔ Can I use federal student aid there?
- ✔ Does the school offer services I need and activities I'm interested in?
- ✔ What measures are taken to ensure the safety of the students?
- ✔ What is the school's dropout rate?

Most of this information is covered in the school's catalog or in its introductory brochures. Also, the reference section of your local library has many books that provide information about colleges and career schools. You can also find much information on the World Wide Web. Many colleges and career schools have web sites. If you know someone who attends or attended a school you're considering, ask that person his or her opinion of the school.

Ask each school that you contact for a copy of its campus security report. The campus security report provides information on the school's campus crime statistics and campus security policies. If you contact a school and ask for admissions information, the school must inform you that its campus security report is available, must provide you with a summary of the report, and must tell you how to receive a copy of the report.

Regardless of which college or career school you choose, you'll probably need help paying for your tuition, fees, books, and living expenses. You're probably wondering how you're going to pay for these things.

Paying Tuition and Other Costs

To help you and other students, the U.S. Department of Education offers a variety of student financial aid programs. You can find out about many sources of student financial aid for free. This publication describes the Department's student financial assistance programs.

So, how can the Department of Education help me pay for school?

Federal student aid includes grants, work-study, and loans. You don't have to pay back grants. Work-study allows you to earn money for your education, and loans allow you to borrow money for school. You'll have to repay any money you borrow. See pages 8-15 for more detailed information on the federal student aid programs.

You can learn about state programs by contacting your state department of education, and you can learn about other programs by checking with your high school counselor or the college or career school you plan to attend. You also might want to use a search engine on the web with the key phrase "financial aid," "student aid," or "scholarships." Or, check the reference section of your local library under those same phrases.

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Who are these scholarship search services that contact me?

There are many private scholarship search services that provide lists of "sources" of financial assistance you may apply for. You should be aware that the Department does not evaluate private scholarship search services. If you decide to use one of these services, you may check its reputation by contacting the Better Business Bureau or a State Attorney General's Office.

Applying for Financial

Applying for federal student aid is easy; you can even apply before you've been accepted to a school.

But I hate filling out a bunch of forms.

You don't have to fill out form after form; all you have to do is complete a *Free Application for Federal Student Aid* (FAFSA). You can apply electronically from your home computer or from a computer at a central location like your high school, your local public library, or your local educational opportunity center using *FAFSA on the Web*. If you choose to use a paper FAFSA, just mail it to the address indicated on the application.

FAFSA on the Web is an interactive web page where you can complete a FAFSA online and submit your data over the Internet. All you need is Netscape Navigator or Microsoft Internet Explorer running on a Macintosh, an IBM-compatible personal computer (PC), or a Unix system:

www.fafsa.ed.gov

If you don't have web access but you have a PC with a modem and the Windows operating system, you can complete the application and transmit it over a regular telephone line in just a few easy steps using *FAFSA Express*. You can order *FAFSA Express* disks by calling

1-800/801-0576

You might also be able to apply for aid at the school you plan to attend. Contact the school to find out if you can apply electronically through its financial aid office. If the school has electronic FAFSA capability, just fill out a paper FAFSA and bring it to the school. The school will then enter your information into a computer and transmit it to the Department of Education.

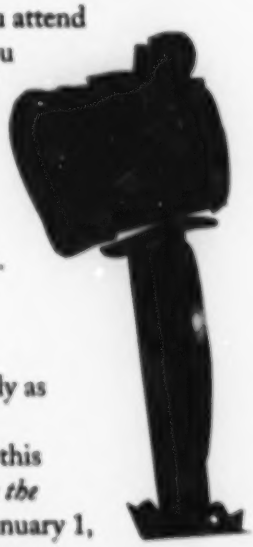
Doesn't anyone use paper anymore?

You can get a paper FAFSA (or a Spanish version of the FAFSA) from your high school, the college or career school you plan to attend, or our Federal Student Aid Information Center:

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

1-800/4-FED-AID (1-800/433-3243)

The college or career school you attend can give you any other forms you might need. Applying for all of our programs is free. You must apply using an original FAFSA. We will not accept photocopies of FAFSAs, nor will we accept faxes of FAFSAs.

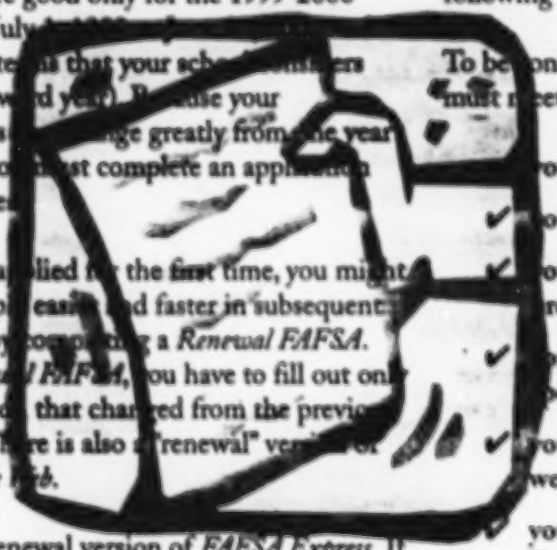


Okay. When can I apply?

For 1999-2000, you should apply as soon after January 1, 1999 as possible. You can't apply before this date. Don't complete *FAFSA on the Web* or *FAFSA Express* before January 1, 1999. Don't transmit *FAFSA Express* data before January 1, 1999, and don't sign, date, or mail your paper FAFSA before January 1,

1999. If you do any of these things, your application will not be processed, and you must reapply.

Your eligibility is determined one award year at a time. The results from your 1999-2000 application are good only for the 1999-2000 award year (July [illegible]). If any summer te[illegible]s that your sch[illegible]ers part of that aw[illegible]d ye[illegible]). Because your circumstances [illegible]ge greatly from one year to the next, yo[illegible]st complete an appli[illegible]n each award ye[illegible].



After you've a[illegible]lied f[illegible] the first time, you might be able to appl[illegible] easier and faster in subsequent award years by co[illegible]g a *Renewal FAFSA*. With a *Renewal FAFSA*, you have to fill out only the informatio[illegible] that chan[illegible]ed from the previous award year. Th[illegible]re is also a "renewal" ver[illegible]n of *FAFSA on the Web*.

There is no renewal version of *FAFSA Express*. If you've already applied for aid for one award year and you want to use *FAFSA Express* in subsequent award years, you must obtain the updated software each year and complete the entire program each year (regardless of how you originally applied).

Anything I should know before I get started?

You'll need a valid Social Security Number (SSN) to apply for federal student aid. You have to put this number on your FAFSA or enter the number in *FAFSA on the Web* or *FAFSA Express*. We use your SSN to find your application in our records. If you don't put a valid SSN on your FAFSA or if you don't enter one in *FAFSA on the Web* or *FAFSA Express*, your application won't be processed. If you don't have an SSN yet, you should apply for one at your local Social Security office.

Most students who, like you, are entering college or a career school straight from high school are considered dependent students. If you are dependent, you have to report both your and your parents' financial information on the FAFSA. This information will be considered when your eligibility is determined. You are a dependent student if you do not meet the following definition of an independent student.

To be considered an independent student, you must meet at least one of the following criteria:

- you were born before January 1, 1976,
- you're married,
- you're enrolled in a graduate or professional educational program,
- you have legal dependents other than a spouse,
- you're an orphan or ward of the court (or were a ward of the court until age 18), or
- you're a veteran of the U.S. Armed Forces.

If you're independent, you must report only your financial information (and your spouse's if you're married).

In special or unusual circumstances, a college's or career school's financial aid administrator may determine that an otherwise dependent student should be considered independent. (A parent's refusal to provide financial assistance or to provide the required FAFSA information is not a valid reason for such a determination.)

If you're dependent and your parents are divorced or separated, you'll need to complete the FAFSA using information about the parent you lived with more during the 12 months preceding the date of application. If you did not live with either parent, or if you lived with each parent an equal number of days, use information about the parent who provided the greater amount of support during the 12 months preceding the date of application.

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If the parent you receive support from was a single parent who is now married or if the parent you receive support from is divorced or widowed and has remarried, your stepparent's financial information is required on the FAFSA. This does not mean that your stepparent is obligated to give financial assistance to you, but his or her income and assets represent significant information about the family's resources. Including this information on the FAFSA helps us form an accurate picture of your family's total financial strength.

What kind of stuff does the application ask for?

The FAFSA asks for your family's financial information. When you complete the 1999-2000 FAFSA, *FAFSA on the Web*, or *FAFSA Express*, you'll need your parents' 1998 U.S. income tax return. If you filed a return, you'll need yours too. Referring to the tax forms makes it easier to answer the FAFSA questions. If you won't have your tax form in time to use it when filling out the FAFSA, you can estimate your answers and then correct them later. Bank statements, W-2 forms, and business/farm records might also be helpful.

Save all of the forms you refer to when completing the FAFSA because you might need them later if your school asks you to show that the information on your FAFSA is correct. If the information is incorrect, you won't get any aid until you correct it. It's a good idea to keep a photocopy of your completed FAFSA or a printout of your application from *FAFSA on the Web* or *FAFSA Express*.

On *FAFSA on the Web*, *FAFSA Express*, and the FAFSA, you can list schools you're interested in attending, and those schools will get the results of your application after it's been processed. Each school that participates in at least one of our programs has a Federal School Code. This code must be listed in Step Five of the application so that each school you are interested in can get your information.

You can get Federal School Codes from a college or career school financial aid office, your high school, or your local public library. *FAFSA on the Web* and *FAFSA Express* have built-in, searchable Federal School Code lists. You can also find a searchable list on the Department's web site:

www.ed.gov/offices/OPE/t4_codes.html

You aren't required to list any schools on your paper FAFSA, but if you do so, the school you decide on can deliver your aid faster. If you're using *FAFSA on the Web* or *FAFSA Express*, you must list at least one school in Step Five of the application.

Regardless of how you apply, you will be required to provide your signature. If you are dependent, you must also provide a parent's signature.

So, how do I sign an electronic application?

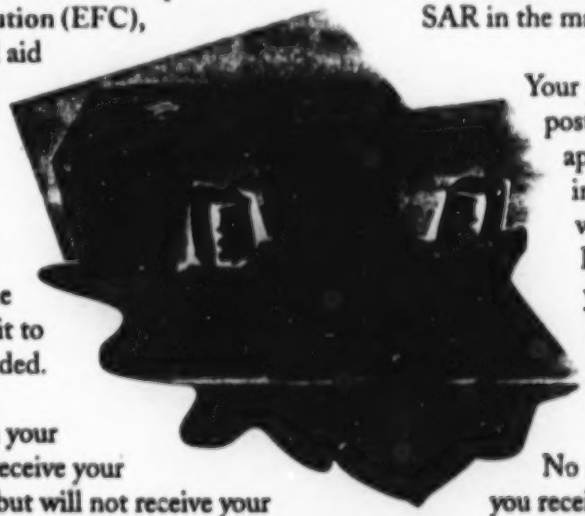
If you have a printer available, the computer you're using will print a signature page after you transmit your *FAFSA on the Web* or *FAFSA Express* data. You must sign this page and, if you were required to include your parents' financial information when completing the application, you must have a parent sign this page too.

After all the required signatures are on the page, you must mail it to the address that is preprinted on the envelope included with the *FAFSA Express* diskettes. The address will also print on the signature page so that students who use *FAFSA on the Web* or who download *FAFSA*

Express from the web will be able to mail in their signature pages. You'll receive a *Student Aid Report* (SAR) in the mail.

Not everyone has a printer.

FAFSA on the Web and *FAFSA Express* will ask you whether a printer is available to you. If one is not available, you should answer "no." Within a week of receiving the transmission of your data, we will process your application immediately and send you a SAR without an Expected Family Contribution (EFC), which a financial aid office must have to award you federal student aid. We will not wait 14 days to generate a SAR. You must sign the SAR and return it to the address provided.



Schools listed on your application will receive your application data but will not receive your EFC until we receive your signed SAR. Once we receive the signed SAR, we will reprocess your data and send you the resulting SAR. We will also send your selected schools revised application information records indicating that you have provided the required signatures.

Well, what happens if I forget to mail the signature page?

After receiving your data, we will wait 14 days for your signature page to arrive. If we do not receive one within that time, you will receive a SAR without an EFC. You'll receive a SAR, which you must sign and return to the address provided.

Any schools listed on your application will receive your application data even if you don't provide a signature page. Until you do so, however, you will not have an EFC, and your school cannot award you any federal student aid. Once we receive the signed SAR, we will reprocess your data and send you a revised SAR. We will also send your selected schools your revised application information record indicating that you have provided the required signatures.

And how will I know you got my application?

We will process your *FAFSA on the Web* or *FAFSA Express* data when we receive your transmission. In about a week, you'll receive a SAR in the mail.

Your paper FAFSA comes with a postcard that you can mail with your application. If you choose to mail in the postcard, we will stamp it with the date we receive your FAFSA and will mail it back to you. We will process your FAFSA within four weeks from the date you mail it. Then, you'll receive a SAR in the mail.

No matter how you apply, the SAR you receive will reflect the information that you provided on your FAFSA. If the information you provided is complete, your SAR will also have your EFC.

Using your EFC, your financial aid administrator determines how much federal student aid you can get. As we stated earlier, the schools you listed on your application will also get a report of your processing results.

After you receive the SAR in the mail, you should check it carefully for mistakes. You can fix any mistakes by writing the correct answers on Part 2 of the SAR in the column labeled, "WRITE IN ONLY NEW OR CORRECTED INFORMATION" and mailing the SAR back. Or your college or career school might be able to process corrections electronically for you. Make sure you keep a photocopy of your SAR.

If you apply electronically at your college or career school, your FAFSA will be processed in about a week. The processing results will be sent electronically to your school, and you'll get a *SAR Information Acknowledgement* in the mail. You can check the information on your *SAR Information Acknowledgement*, but you cannot make corrections on it. You should ask your school to make any corrections electronically, or you will have to get a copy of your SAR to make corrections on.

You can get a copy of your SAR from our Federal Student Aid Information Center. The address and telephone number are

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

1-319/337-5665

Eligibility for federal student aid is determined on the basis of financial need and on several other factors. The financial aid administrator at the college or career school you plan to attend will determine what you're eligible for.

Basically, to receive aid from our programs, you must

- ✔ have financial need (not part of the criteria for some loans),
- ✔ have a high school diploma or a General Education Development (GED) certificate or pass a test approved by the Department of Education,
- ✔ be working toward a degree or certificate,
- ✔ be enrolled in an eligible program,
- ✔ be a U.S. citizen or eligible noncitizen,
- ✔ have a valid Social Security Number,
- ✔ register with the Selective Service if required (you can register on the FAFSA), and
- ✔ maintain satisfactory academic progress once in school.

If you have a question about your citizenship status, contact the financial aid office at the college or career school you plan to attend.

How will I know what I'm eligible for?

When your *Free Application for Federal Student Aid* (FAFSA) is processed, a formula is applied to the information you provided. Congress established this formula, which determines your financial need. The formula takes into account your family's income, some assets, and certain expenses that are required (taxes), necessary (basic living expenses), and related to earning income (employment-related expenses).

The formula result is the Expected Family Contribution (EFC), which indicates how much money you and your family are expected to contribute toward your cost of attendance for the 1999-2000 school year. If your EFC is below a certain amount, you'll be eligible for a Federal Pell Grant, assuming you meet all other eligibility requirements. The amount of your Pell Grant depends on your EFC, your cost of attendance (which the financial aid administrator at your college or career school will figure out) and your enrollment status (full time, three-quarter time, half time, or less than half time).

For our other aid programs, the financial aid administrator at your college or career school takes your cost of attendance and then subtracts your EFC, the amount of a Federal Pell Grant you are eligible for, and aid you will get from other sources. The result is your remaining financial need:

Cost of Attendance
-EFC
-Federal Pell Grant Eligibility
-Aid From Other Sources
=Financial Need

What in the world is a cost of attendance?

Your cost of attendance is the sum of

- ✔ **your actual tuition and fees or the school's average tuition fees,**
- ✔ **the cost of room and board (or living expenses for students who do not contract with the school for room and board),**
- ✔ **the cost of books and supplies,**
- ✔ **an allowance for transportation, and**
- ✔ **an allowance for miscellaneous expenses.**

Costs unrelated to completion of a student's course of study are excluded in calculating a student's cost of attendance.

Are my family's special circumstances considered?

A financial aid administrator can consider special or unusual circumstances. As mentioned earlier, the financial aid administrator at your college or career school can change your status from dependent to independent if he or she believes there is a good reason to do so. You'll have to provide your college or career school with documentation to justify the change.

The financial aid administrator also has the authority to adjust your cost of attendance or some of the information that is used to calculate your EFC. This kind of change can be made if you have unusual circumstances that affect your family's ability to contribute money to the cost of your education. If your family has any unusual circumstances (for example, high medical expenses or reduced income due to a recent job loss), contact the financial aid administrator at the school you plan to attend. He or she will decide whether an adjustment is necessary, and that decision cannot be appealed to the Department.

Important Deadlines

You should pay special attention to the many deadlines involved in the student financial aid application process. Missing a deadline could prevent you from receiving some or all of the aid you are eligible for.

I'm sure there must be some deadlines I have to meet.

Whether you apply electronically or by mail, we must receive your paper *Free Application for Federal Student Aid* (FAFSA) or your *FAFSA on the Web* or *FAFSA Express* transmission by June 30, 2000 for the 1999-2000 school year. If we do not receive your FAFSA or your transmission by that date, your application will not be processed, and you won't get any federal student aid.

Each school sets its own deadlines for students to apply for aid from our campus-based programs (Federal Supplemental Educational Opportunity Grant [FSEOG], Federal Work-Study [FWS], and Federal Perkins Loans) and for applying for its own aid. The deadlines will usually be much earlier than our June 30, 2000 deadline for filing a FAFSA.

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Check with the school for these deadlines. Also, states have their own deadlines for applying for state aid. Check with your state agency to find out what deadlines you have to meet. You might miss out on aid from these programs if you don't apply early.

There is also a deadline for your college or career school to receive a valid electronic record. (Your school will automatically get a record if you apply electronically through the school.) A valid record is complete and needs no corrections. If you do not list the school you plan to attend on your FAFSA, the school will not receive an electronic record. In such a case, there is a deadline for you to submit a valid SAR to the school's financial aid office. Check with your college or career school for information on these deadlines.

You may need to go to the financial aid office to certify that all the information on your electronic record is correct or to provide additional information if your school requests it. Again, check with your school for more information on applicable deadlines. If your application is selected for verification, your school may ask you to document that your application information is complete and correct.

Verification? What is that?

Verification is a process the Department of Education uses to make sure that the information applicants report is accurate. This prevents ineligible students from receiving aid by reporting false information, and it ensures that eligible students receive all of the aid they are qualified for.

Each year, we select a group of applications for verification. Some of these applications are selected because of FAFSA information that is inconsistent with information elsewhere on the application; others are chosen at random. Some colleges and career schools also choose applications for verification. In any case, a student whose application is selected must give his or her financial aid office certain documentation to show that the application information is correct. The sooner you verify your information, the sooner you'll be able to receive financial aid if you're eligible.

If selected, you must provide your school with the required proof by August 31, 2000 or within 60 days after your last date of enrollment for 1999-2000, whichever is earlier. If you don't meet this deadline, you won't receive aid from the Department, and you might not get aid from other sources.

Federal Pell Grants

A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grants are awarded only to undergraduate students who have not earned bachelor's or professional degrees.

How much is a Pell Grant?

Awards for the 1999-2000 award year (July 1, 1999 to June 30, 2000) will depend on how much program funding Congress provides to us. The maximum award for the 1998-99 award year was $3,000. How much you get will depend not only on your financial need, but on your cost of attending school, whether you're a full-time or part-time student, and whether you attend school for a full academic year or less.

If I'm eligible, how will I get the Pell grant money?

Your school can apply Pell Grant funds to your school costs, pay you directly (usually by check), or combine these methods. The school must tell you in writing how and when you'll be paid and how much your award will be. Schools must disburse funds at least once per term (semester, trimester, or quarter). Schools that do not use semesters, trimesters, or quarters must disburse funds at least twice per academic year.

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Campus-Based Aid Programs

The Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan programs are called campus-based programs because they're administered directly by the financial aid office at each participating school. Not all schools participate in all three programs.

How much aid you receive from each of these programs depends on your financial need, on the amount of other aid you receive, and on the availability of funds at your college or career school. Unlike the Federal Pell Grant Program, which provides funds to every eligible student, the campus-based programs provide a certain amount of funds for each participating school to administer each year. When the money for a program is gone, no more awards can be made from that program for that year.

Let's start with Federal Supplemental Educational Opportunity Grants. What are they?

FSEOGs are gift-aid for undergraduates with exceptional financial need. Pell Grant recipients with the lowest Expected Family Contributions (EFCs) will be the first to get FSEOGs, which don't have to be paid back. You can get between $100 and $4,000 a year, depending on when you apply, your financial need, and the funding at the school you're attending. FSEOGs are awarded only to undergraduate students who have not earned bachelor's or professional degrees.

If you're eligible, your school will credit your account, pay you directly (usually by check), or combine these methods. Your school must pay you at least once per term (semester, trimester, or quarter).

And what is Federal Work-Study?

The FWS Program provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the recipient's course of study. FWS can help you get your foot in the door by allowing you to gain valuable experience in your chosen field before you leave school.

Will I get paid in the same way I would for any other job?

You'll be paid by the hour. No FWS student may be paid by commission or fee. Your school must pay you directly at least once a month. Wages for the FWS Program must equal at least the current federal minimum wage but may be higher, depending on the type of work you do and the skills required. Your total FWS award depends on when you apply, your financial need, and the funding level at your school. The amount you earn can't exceed your total FWS award. When assigning work hours, your employer or financial aid administrator will consider your award amount, your class schedule, and your academic progress.

What kinds of jobs are there in FWS?

If you work on campus, you'll usually work for your school. If you work off campus, your employer will usually be a private nonprofit organization or a public agency, and the work performed must be in the public interest. Your school may have agreements with private for-profit employers for FWS jobs. This type of job must be relevant to your course of study. If you attend a career school, there may be further restrictions on the jobs you can be assigned.

What about Federal Perkins Loans?

A Federal Perkins Loan is a low-interest (5%) loan for both undergraduate and graduate students with exceptional financial need. Federal Perkins Loans are made through a school's financial aid office. Your school is your lender, and the loan is made with government funds. You must repay this loan.

Your school will either pay you directly (usually by check) or apply your loan to your school charges. You'll receive the loan in at least two payments during the academic year.

How much can I borrow?

Depending on when you apply, your financial need, and the funding level at the school, you can borrow up to $3,000 for each year of undergraduate study. The total amount you can borrow as an undergraduate is $15,000.

Other than interest, is there a charge for this loan?

No, there are no other charges. However, if you skip a payment, if it's late, or if you make less than a full payment, you may have to pay a late charge plus any collection costs.

So, when do I pay it back?

If you're attending school at least half time, you have nine months after you graduate, leave school, or drop below half-time status before you must begin repayment. This is called a grace period. If you're attending less than half time, check with your college or career school to find out how long your grace period will be. At the end of your grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay the loan in full. Periods of deferment and forbearance (see the next paragraph for more information on these terms) do not count as part of this 10-year period. Your monthly payment amount will depend on the size of your debt and the length of your repayment period.

What if I have trouble repaying the loan?

Under certain circumstances, you can receive a deferment or forbearance on your loan. During a deferment, no payments are required, and interest does not accrue. During forbearance, your payments are postponed or reduced. Interest continues to accrue, and you are responsible for paying it.

A Perkins Loan can also be canceled under certain circumstances, like if you die or become totally and permanently disabled. You also might qualify for having your loan canceled because of the type of work you do once you leave school.

Repayment assistance (not a cancellation, but another way to repay) may be available if you serve in the military. For more information, contact your recruiting officer.

If you have more questions about Perkins Loans, check with the college or career school you plan to attend.

Federal & Direct Stafford Loans

Stafford Loans are the Department's major type of loan. An increasing number of schools are participating in the William D. Ford Direct Loan Program (Direct Loans). Under this program, the funds for your Stafford Loan come directly from the federal government. If your school does not yet participate in Direct Loans, the funds for your Stafford Loan will come from a bank, credit union, or other lender that participates in the Federal Family Education Loan (FFEL) Program.

The terms and conditions of a Direct Stafford and those of a FFEL Stafford are similar. The major differences between the two are

- ✔ the source of the loan funds,
- ✔ some aspects of the application process, and
- ✔ certain repayment aspects.

How do I get a Stafford Loan?

If your school participates in Direct Loans, the FAFSA serves as your Stafford Loan application. If your college or career school participates in the FFEL Program, the school may give you a separate Stafford Loan application to fill out in addition to the FAFSA. In either case, after your FAFSA is processed, your school will review the results and will inform you about your loan eligibility.

If you have financial need remaining after your Expected Family Contribution (EFC), Federal Pell Grant eligibility, and aid from other sources are subtracted from your cost of attendance, you can borrow a Stafford Loan to cover all or some of that remaining need. The government will pay the interest on your loan while you're in school, for the first six months after you leave school, and when you qualify to have your payments deferred. This type of loan is a subsidized loan.

If you don't have financial need remaining, you may borrow a Stafford Loan for the amount of your EFC or the annual Stafford Loan borrowing limit for your grade level, whichever is less. (Annual loan limits are listed on this page and page 12.) You will be responsible for paying all of the interest on the loan. This type of loan is called an unsubsidized loan.

Because an unsubsidized loan is not awarded on the basis of need, your EFC isn't taken into account. If you don't receive enough need-based aid to meet your cost of attendance, you can pay for some of your remaining costs with an unsubsidized loan. You'll be charged interest from the time the loan is disbursed until it is paid in full. You can choose to pay the interest or allow it to accumulate and be capitalized (that is, added to the principal amount of your loan).

You can receive a subsidized Stafford Loan and an unsubsidized Stafford Loan for the same enrollment period.

So, how will I get the loan money?

For both the Direct Loan and FFEL programs, you'll be paid through your school in at least two installments. No installment may exceed one half of your loan amount. Your loan money must first be applied to pay for tuition and fees, room and board, and other school charges. If loan money remains, you'll receive the funds by check or in cash, unless you give the school written authorization to hold the funds until later in the enrollment period.

If you're a first-year undergraduate student and a first-time borrower, your school cannot disburse your first payment until 30 days after the first day of your enrollment period. This way, you won't have to repay the loan if you don't begin classes or if you withdraw during the first 30 days of classes.

How much can I borrow?

If you're a dependent undergraduate student, you can borrow up to the following amounts each year:

- ✔ [illegible] if you're a first-year student enrolled in a program of study that is at least a full academic year;
- ✔ $3,500 if you've completed your first year of study and the remainder of your program is at least a full academic year;
- ✔ $5,500 a year if you've completed two years of study and the remainder of your program is at least a full academic year.

If you're an independent undergraduate student or a dependent student whose parents are unable to get a PLUS Loan (a parent loan), you can borrow up to

- ✔ **$6,625 if you're a first-year student enrolled in a program of study that is at least a full academic year. (At least $4,000 of this amount must be in unsubsidized loans.)**
- ✔ **$7,500 if you've completed your first year of study and the remainder of your program is at least a full academic year. (At least $4,000 of this amount must be in unsubsidized loans.)**
- ✔ **$10,500 a year if you've completed two years of study and the remainder of your program is at least a full academic year. (At least $5,000 of this amount must be in unsubsidized loans.)**

The amounts given here are the maximum yearly amounts you can borrow in both subsidized and unsubsidized Stafford Loans, individually or in combination. Because you can't borrow more than your cost of attendance minus both the amount of any Pell Grant you're eligible for and any other financial aid you'll get, you may receive less than the annual maximum amounts.

Okay. What's the interest rate?

The interest rate is variable (adjusted annually) but will never exceed 8.25%. You'll be notified any time there is a rate change.

And when do I pay back the loan?

After you graduate, leave school, or drop below half-time enrollment, you'll have a six-month "grace period" before you begin repayment. During this period, you'll receive repayment information, and you'll be notified of your first payment due date. You're responsible for beginning repayment on time, even if you don't receive this information. Payments are usually due monthly.

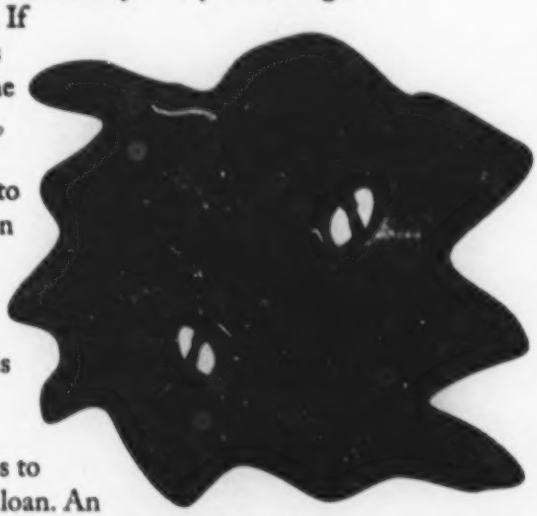
PLUS Loans (Parent Loans)

PLUS Loans to meet students' education costs are available through both the Federal Family Education Loan (FFEL) and William D. Ford Direct Loan (Direct Loans) programs. Parents who do not have a bad credit history can borrow a PLUS Loan to pay the education expenses of a child who is a dependent student enrolled at least half time in an eligible program at an eligible school.

How do my parents get a loan?

Your parents will fill out an application, which is available from your school's financial aid office.

To be eligible to receive a PLUS Loan, your parents generally will be required to pass a credit check. A parent cannot be turned down for having no credit history—only for having an adverse one. If your parents don't pass the credit check, they might still be able to receive a loan if someone, such as a relative or friend who is able to pass the credit check, agrees to endorse the loan. An endorser promises to repay the loan if your parents fail to do so. Your parents might also qualify for a loan even if they don't pass the credit check as long as they can demonstrate that extenuating circumstances exist. You and your parents must also meet other general eligibility requirements for federal student financial aid.



How much can my parents borrow?

The yearly limit on a PLUS Loan is equal to your cost of attendance minus any other financial aid you get. If your cost of attendance is $6,000, for example, and you receive $4,000 in other financial aid, your parents can borrow up to $2,000.

Who gets my parents' loan money?

Your school will receive the money in at least two installments. No one payment may exceed half of the loan amount. Your school might require your parents to endorse a disbursement check and send it back to the school. The school will then apply the money to your tuition and fees, room and board, and other school charges. If any loan money remains, your parents will receive the amount as a check or in cash, unless they authorize that it be released to you. Any remaining loan money must be used for your education expenses.

What's the interest rate?

The interest rate is variable (adjusted annually), but it will never exceed 9%. Your parents will be notified of interest rate changes throughout the life of their loan. Interest is charged on the loan from the date the first disbursement is made until the loan is paid off.

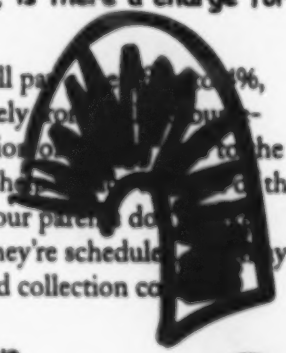
And when do my parents begin repaying the loan?

Generally, the first payment is due within 60 days after the final loan disbursement for the year. There is no grace period for these loans. Interest begins to accumulate at the time the first disbursement is made, and your parents will begin repaying both principal and interest while you're in school.

Stafford & PLUS Loan Questions

Before you or your parents borrow, make sure you understand all of the terms of the loan. The following questions and answers will give you a basic understanding of Stafford Loans and PLUS Loans.

Other than interest, is there a charge for loans?



You or your parents will pa[illegible]%, deducted proportionately [illegible] ment of a loan. A portio[illegible] federal government to h[illegible] the loans. Also, if you or your pare[illegible] loan payments when they're schedule[illegible] be charged late fees and collection co[illegible]

How are loans repaid?

You can choose to repay your loan on [illegible] following plans:

- ✔ **a 10-year plan with a minimum monthly payment of $50,**
- ✔ **a graduated plan with a monthly payment that starts out low and then increases gradually during the repayment period, or**
- ✔ **a plan that bases the monthly payment amount on how much money you make.**

Your parents can repay a PLUS Loan on either of the first two plans. Under the William D. Ford Direct Loan Program (Direct Loans), you or your parents can also choose a plan with a minimum $50 monthly payment amount and more than 10 years to repay.

What if someone has trouble repaying?

Under certain circumstances, you can receive a deferment or forbearance on your loan. During a deferment, no payments are required. If you have

a subsidized loan, the federal government will pay the interest that accrues during the deferment. If your loan is unsubsidized, you'll be responsible for the interest on the loan during the deferment. Your parents will be responsible for the interest on their PLUS Loan during a deferment. No borrower can receive a deferment if his or her loan is in default (that is, if he or she doesn't repay the loan according to its terms).

During forbearance, payments are postponed or reduced. The government does not pay the interest; you are responsible for paying it on your Stafford Loan, and your parents are responsible for paying it on their PLUS Loan.

Neither deferment nor forbearance periods count as part of the repayment period. For more detailed information on deferments and forbearances, see *The Student Guide, 1999-2000*:

www.ed.gov/prog_info/SFA/StudentGuide

To get a paper copy, check with your college or career school, or call our Federal Student Aid Information Center toll-free and ask for one:

1-800/4-FED-AID (1-800/433-3243)
a toll-free number

A Stafford Loan or PLUS Loan can be canceled under certain conditions:

- ✔ **The borrower dies (or the student on whose behalf a parent borrowed dies).**
- ✔ **The borrower becomes totally and permanently disabled.**
- ✔ **The loan is discharged in bankruptcy.**
- ✔ **Your school closes before you complete your program.**
- ✔ **The school falsely certifies the loan.**

Even if you don't complete the program of study at the school, don't like the school or the program of study, or don't obtain employment after completing the program of study, these loans must nonetheless be repaid. Neither type of loan (Stafford or PLUS) can be canceled for these reasons.

Repayment assistance (not a cancellation, but another way to repay) may be available if you serve in the military. For more information, contact your recruiting officer.

Contacting the Department

Help is always available to you. The Department of Education has a web site and student information telephone numbers to help you.

What kind of help is on the Department's web site?

To find information on federal student aid and to view this and other student aid publications online, visit our web site:

www.ed.gov/offices/OPE/Students

Help completing the *Free Application for Federal Student Aid* (FAFSA) is available online too:

www.ed.gov/prog_info/SFA/FAFSA

A list of Federal School Codes that you may need to complete the FAFSA is available at

www.ed.gov/offices/OPE/t4_codes.html

What if I have questions and want to speak to a live person?

If you need answers right away to questions about federal student aid, call the Federal Student Aid Information Center between 8:00 a.m. and 8:00 p.m. (eastern time), Monday through Friday:

1-800/4-FED-AID (1-800/433-3243)
a toll-free number

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What kind of help can I get by calling the toll-free number?

When you call the toll-free number, the Information Center can

- ✔ assist you in completing the FAFSA,
- ✔ explain federal student aid eligibility requirements,
- ✔ explain the process of determining financial need and awarding aid,
- ✔ provide you with Federal School Codes you may need when applying,
- ✔ tell you whether a school participates in the federal student aid programs,
- ✔ tell you a school's student loan default rate, and
- ✔ send you federal student aid publications.

What if I need help that's not on that list?

There is a toll number to call if you want to find out if your FAFSA has been processed or if you need a copy of your *Student Aid Report* (SAR). Be aware that you'll have to pay for this call. Collect calls will not be accepted, and these services are not available on the toll-free number. The number for these services is

1-319/337-5665

Is there a number for hearing-impaired students?

If you're hearing-impaired, you may call the following toll-free TDD number at the Information Center for help with any federal student aid questions you have. Operators at this number can provide the same assistance as those at both the toll-free and toll numbers. This number is only for hearing-impaired students using TDDs:

1-800/730-8913 (TDD)

Reducing the Cost of School

There are several ways to reduce the amount that going to a college or career school will cost you so that you can avoid borrowing too much.

Will the government give me a tax break?

You or your parents may qualify for a Hope Scholarship or Lifetime Learning Scholarship. These "scholarships" are actually federal income tax credits for some of your education expenses. For more information on these credits, visit

www.ed.gov/budget/97918tax.html

You should also check with your tax professional or the Internal Revenue Service (IRS). IRS Publication 970, *Tax Benefits for Higher Education* gives more information on these credits and other tax benefits. You can order the publication for free from the IRS at

1-800/TAX-FORM (1-800/829-3676)

Or you can download the publication at

www.irs.ustreas.gov or **ftp.irs.ustreas.gov**

What about lower cost schools?

If you plan on working toward a bachelor's degree, you might want to consider starting out at a two-year community college and then transferring to a four-year school. Community

colleges are partially funded by local and state taxes and are therefore usually less expensive than four-year schools. Some four-year schools are also partially funded by local and state taxes and can be less expensive than those that are not funded by taxes.

You can also save money by living at home and commuting to your local community college. You'll want to make sure that the courses you take during your first two years will transfer to the four-year school you want to attend and that they will count toward your bachelor's degree.

What about working or volunteering?

Whether you choose a college or a career school, you can work part time to pay for some of your costs. If you do this, you should make sure that you save enough time for studying and that your work and school schedules do not conflict.

AmeriCorps is a program that allows participants to earn education awards in return for national service. For more information, contact the Corporation for National and Community Service:

The Corporation for National and Community Service
1201 New York Avenue, N.W.
Washington, DC 20525

1-800/94-ACORPS (1-800/942-2677)

www.cns.gov

The U.S. Armed Forces also offer educational programs and ways to pay for school or to reduce your school costs:

- ✔ **You can attend one of the military academies. These are four-year colleges that are tuition-free and offer bachelor's degrees and a commission in the military after graduation.**
- ✔ **You can attend a college or career school and enroll in the Reserve Officers Training Corps (ROTC) Program, which will pay for your tuition, fees, and books and provide you with a monthly allowance.**
- ✔ **You can join the Armed Forces before you go to a college or career school and take advantage of the Montgomery GI Bill, which provides financial support to those who attend school after serving in the military.**
- ✔ **You can also earn college credit for some military training, possibly reducing the number of classes you'll have to take.**
- ✔ **As an active member of the military, you can take courses at a college or career school during your off-duty hours.**

Contact your local military recruiter for more information on these programs.

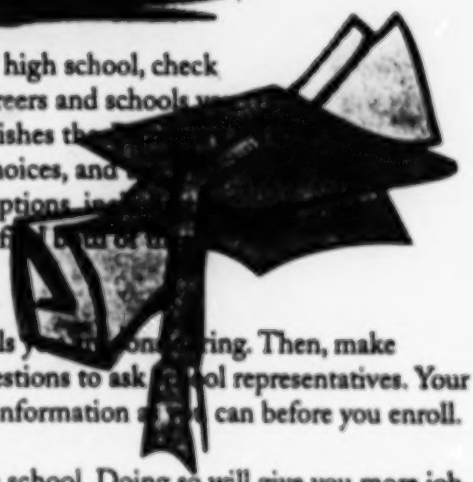
If one of your parents is a veteran, you might want to get a copy of the American Legion's *Need a Lift?* This publication is a good source of information on student assistance for children of veterans. For a copy, send a $3.00 check or money order to

ATTN: Emblem Sales
The American Legion
P.O. Box 1050
Indianapolis, Indiana 46206

For credit card orders only, call

1-888/453-4466

Taking the Next Step



Now that you know you can afford an education after high school, check the web or visit the library to learn more about the careers and schools you are interested in. The U.S. Department of Labor publishes the *...of Occupational Titles*, which includes a list of career choices, and the *Occupational Outlook Handbook*, which gives job descriptions, ... starting salaries and annual income averages. You can find ... books in the reference section of your public library.

Also visit the library to thoroughly research the schools you're considering. Then, make appointments to visit those schools. Bring a list of questions to ask school representatives. Your education is a major investment, so find out as much information as you can before you enroll.

Once you're enrolled, it's important that you complete school. Doing so will give you more job choices, a higher salary, and more skills. Also, if you complete your education, it will be easier to pay back any student loans you borrow.

Borrowers who finish school are far less likely to default on their loans than those who don't finish.

Defaulting on a student loan has very serious consequences. Among other consequences, defaulting can

- ✔ **make you ineligible for deferments on your loans,**
- ✔ **make you ineligible for additional student aid,**
- ✔ **damage your credit record, and**
- ✔ **hinder your ability to find a job.**

If you work hard and take advantage of the many programs available to help you keep school costs down and pay for school, you will be successful in continuing your education and in pursuing a career.

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State Agency Phone Number List

Alabama	1-334/242-2274	Nevada	1-702/687-9228
Alaska	1-907/465-6741	New Hampshire	1-603/271-2555
Arizona	1-602/229-2591	New Jersey	1-800/792-8670
Arkansas	1-501/371-2050	New Mexico	1-800/279-9777
California	1-916/526-7590	New York	1-800/642-6234
Colorado	1-303/866-2723	North Carolina	1-888/234-6400
Connecticut	1-800/842-0229	North Dakota	1-701/328-4114
Delaware	1-800/292-7935	Ohio	1-888/833-1133
District of Columbia	1-202/727-3688	Oklahoma	1-405/858-4356
Florida	1-850/487-0049	Oregon	1-800/452-8807
Georgia	1-800/776-6878	Pennsylvania	1-800/692-7435
Hawaii	1-808/956-8213	Rhode Island	1-800/922-9855
Idaho	1-208/334-2270	South Carolina	1-803/734-1200
Illinois	1-800/899-4722	South Dakota	1-605/773-3134
Indiana	1-317/232-2350	Tennessee	1-800/342-1663
Iowa	1-515/281-3501	Texas	1-800/242-3062
Kansas	1-785/296-3517	Utah	1-800/418-8757
Kentucky	1-800/928-8926	Vermont	1-800/642-3177
Louisiana	1-800/259-5626	Virginia	1-804/786-1690
Maine	1-207/623-3263	Washington	1-360/753-7850
Maryland	1-410/974-5370	West Virginia	1-888/825-5707
Massachusetts	1-617/727-9420	Wisconsin	1-608/267-2206
Michigan	1-888/447-2687	Wyoming	1-307/766-2118
Minnesota	1-800/657-3866	Guam	1-671/735-2289
Mississippi	1-601/982-6663	Northern Mariana Islands	1-670/234-6128
Missouri	1-800/473-6757	Puerto Rico	1-809/724-7100
Montana	1-800/537-7508	Republic of Palau	1-680/488-2471
Nebraska	1-402/471-2847	Virgin Islands	1-340/774-4546

Funding Your Education is FREE.

If you paid for a copy of this publication, please write to the following address and give us the name and address of the organization that charged you.

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084

Funding Your Education is also available on the U.S. Department of Education's World Wide Web site. The site address is

http://www.ed.gov/prog_info/SFA/FYE

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